

AGREED OUTLINE
Nicor Gas Rate Case
ICC Docket No. 08-0363
Prehearing Memo Outline

- I. Introduction / Statement of the Case
- II. Overall Revenue Requirement and Revenue Deficiency
- III. Test Year
- IV. Rate Base
 - A. Overview
 - B. Uncontested Issues
 - C. Contested Issues
 - 1. NRRC
 - 2. Cash Working Capital
 - 3. Gas in Storage
 - 4. Pension Asset
 - 5. Gross Plant
 - 6. Accumulated Reserve for Depreciation and Amortization
 - 7. Incentive Compensation
 - 8. Other
- V. Operating Expenses
 - A. Overview
 - B. Uncontested Issues
 - 1. Incentive Compensation
 - 2. Pension Credit
 - 3. Environmental Expenditures
 - 4. Invested Capital Taxes
 - 5. Promotional Expenses
 - 6. Training/Seminar Expenses
 - C. Contested Issues
 - 1. Incentive Compensation Costs and Expenses
 - 2. Uncollectible Accounts Expense
 - 3. Rate Case Expense
 - 4. Payroll / Headcount
 - 5. Mains & Services Expenses
 - 6. Customer Records & Collection Expenses
 - 7. Charitable Contributions
 - 8. Depreciation and Amortization Expenses
 - 9. Taxes Other than Income Taxes
 - 10. Income Taxes
 - 11. Interest Synchronization
- VI. Rate of Return
 - A. Uncontested Issues
 - B. Capital Structure (Inclusion of Short-Term Debt)
 - 1. Inclusion of Short-Term Debt
 - 2. Adjustments to Other Capital Components Based on the Calculation of AFUDC Balances
 - C. Cost of Short-Term Debt

- D. Cost of Common Equity
 - 1. ROE Calculation
 - 2. Effect of Proposed Riders
 - E. Overall Cost of Capital (Derivative)
- VII. Cost of Service and Allocation Issues
 - A. Overview
 - B. Uncontested Issues
 - 1. Allocation Factor Based on Services Investment by Customer Class
 - 2. Allocation of Storage Losses
 - C. Contested Issues
 - 1. Main Size Allocation.
 - 2. Allocation of Storage Costs to Unbundled Rate Classes
 - D. Interclass Allocation Issues
- VIII. Rate Design
 - A. Overview
 - B. Uncontested Issues
 - 1. Rate 6 and Rate 76 Design
 - C. Contested Issues
 - 1. Rate 1 Design
 - 2. Rate 1 Design and Conservation
 - 3. Rate 1 design - Alternative Straight Fixed Variable
 - 4. Rate 4 and Rate 74 Design
 - 5. Rate 5 and Rate 75 Design
 - a. Overview
 - b. Annual Therm Limitation
 - 6. Rate 7 and Rate 77 Design
 - 7. Other
- IX. Tariff Revisions Affecting Transportation Customers
 - A. Overview
 - B. Uncontested Issues
 - 1. Individual and Group Administration Charges
 - 2. Recording Device Charges
 - 3. Group Change Fees
 - 4. Transportation Service Credit
 - 5. Gas Supply Cost / Demand Gas Cost
 - C. Contested Issues
 - 1. Proposed Reductions in Nomination Rights
 - a. Reduction of Maximum Daily Nominations (“MDN”) in the months of July through October.
 - b. Reduction of Maximum Daily Nominations (“MDN”) in the months of March and April.
 - 2. Storage Calculations
 - a. SBS Entitlement
 - b. Storage Banking Service (“SBS”) Charge
 - c. Storage Withdrawal Factor
 - i. Storage Withdrawal Constant
 - ii. Timing of the Storage Withdrawal Multiple calculation
 - iii. Other

3. Costs Associated with Storage and System Losses
 - a. Storage Loss Adjustment (“SLA”) Factor
 - b. Unaccounted-For Gas Adjustment (“UFGA”)
 4. Intra-day Nominations
 5. Trading of Stored Gas
 6. Timing of MDCQ
 7. Super-pooling on Critical Days
 8. Seasonal Usage Maximum
 9. Other
 - X. Tariff Revisions Affecting Customer Select Customers
 - A. Overview
 - B. Uncontested Issues
 1. Customer Select Balancing Charge (“CSBC”)
 2. Carrying Cost of Capital for Working Gas
 3. Customer Select Administrative Fee
 4. Access to Nicor Gas Assets
 - XI. Existing Riders
 - A. Rider 2 – Franchise Cost Adjustment
 - B. Rider 5 – Storage Service Cost Recovery
 - C. Rider 8 – Adjustments for Municipal and State Utility Taxes
 - XII. New Riders
 - A. Overview
 - B. Rider 26 – Uncollective Expense Adjustment
 - C. Rider 27 – Company Use Adjustment
 - D. Rider 28 – Volume Balancing Adjustment
 - E. Rider 29 – Energy Efficiency Plan
 - F. Rider 30 – Qualifying Infrastructure Plant
 - XIII. Terms and Conditions
 - A. Proposed Changes
 - B. Uncontested Issues
 - C. Contested Issues
 - XIV. Revenues
 - A. Total Billing Units / Rate 4 and Rate 74 Billing Units
 - B. Nicor Energy Services Billing Adjustment
 - XV. Gross Revenue Conversion Factor
 - XVI. Other Issues
 - A. Accounting for Storage Gas Losses
 - B. Reporting of Affiliate Transactions
 - C. Operating Agreement
 - XVII. Conclusion